

Message Text

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TO AMCONSUL HONG KONG

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TAGS: BEXP, HK

SUBJECT: MAJOR PROJECT: SUBWAY

REF: HONG KONG'S 2476

1. ALL QUALIFIED AMERICAN ENGINEERS, CONSTRUCTORS, AND EQUIPMENT MANUFACTURERS THAT HAVE EXPRESSED INTEREST IN MASSTRANSIT PROJECTS ALREADY HAVE BEEN INFORMED OF SUBWAY DEVELOPMENTS.

2. TO OUR KNOWLEDGE, MOST ENGINEER AND DESIGN CONTRACTORS THAT HAVE RESPONDED TO HKG OR FIRMS IN HONG KONG ARE INDEED OFFERING CONSULTING SERVICES. THIS IS DUE TO SEVERAL FACTORS. BOTH DESCRIPTION OF CIVIL WORKS CONTRACTS PROVIDED BY HKMRTPA AND INFORMATION OBTAINED FROM FREEMAN FOX DONDON OFFICE INDICATES MOST ENGINEERING ALREADY DONE BY BRITISH COMPANY LEAVING ONLY DETAILED DESIGN AND ACTUAL CONSTRUCTION FOR BIDDERS. U.S. COMPANIES NOT PARTICULARLY INTERESTED IN COMPETING FOR NUMBER OF CONTRACTS SINCE THEIR PROPOSALS WOULD HAVE TO INCLUDE COST OF TRANSPORTING EQUIPMENT AND PERSONNEL TO FAR EAST AND THERE IS WIDE-
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SPREAD BELIEF THIS WOULD PRECLUDE OFFERS THAT WOULD BE

PRICE COMPETITIVE WITH LOCAL FIRMS OR COMPANIES IN JAPAN, KOREA, AND TAIWAN. THIS OPINION IS HELD BY BROWN AND ROOT, LISTED BY ENGINEERING NEWS RECORD AS THE LEADING U.S. DESIGN CONSTRUCTOR. COMPANY INFORMED MEPD THAT IT WOULD

NOT SEEK SUBWAY CONTRACTS SINCE IT BELIEVES IT ALMOST IMPOSSIBLE TO COMPETE AGAINST BRITISH COMPANIES (COSTAIN WAS MENTIONED) THAT ARE OPERATING IN HONG KONG. ANOTHER CONSIDERATION WAS RAISED BY NELLO TEER, A CONSTRUCTOR WITH BUSINESS AROUND THE WORLD AND THAT IS PRESENTLY UNDER MULTI-MILLION DOLLAR CONTRACT WITH WMATA FOR TUNNEL AND STATION CONSTRUCTION. TEER STATED THAT WORK REQUIRED IN HONG KONG, INVOLVING COMPLICATED AND DIFFICULT SHORING AND UNDERPINNING OF BUILDINGS, PRESENTS TOO MUCH RISK FOR FIXED PRICE BIDDING.

3. FOREGOING NOTWITHSTANDING, U.S. INDUSTRY HAS EXTENSIVE EXPERIENCE WITH SUBWAYS AND FIRMS THAT ARE UNWILLING PURSUE GENERAL CONTRACTING BUSINESS IN HONG KONG ARE, NEVERTHELESS, INTERESTED IN PROVIDING CONSULTING SERVICES. IT SHOULD BE UNDERSTOOD THAT MANY FIRMS OFFERING THESE SERVICES FOR THE SUBWAY ARE QUALIFIED ENGINEERS AND CONSTRUCTORS WHO CHOSE THIS APPROACH AFTER CONSIDERING ALTERNATIVES.

4. WE CAN UNDERSTAND THAT BOTH HKG AND LOCAL COMPANIES ARE ANXIOUS RECEIVE WIDESPREAD RESPONSE FROM AMERICAN INDUSTRY. HOWEVER, SINCE ALL PERTINENT INFORMATION HAS BEEN DISSEMINATED AND SINCE MEPD HAS REPEATEDLY ENCOURAGED COMPANIES TO PURSUE THIS BUSINESS, WE DO NOT BELIEVE IT APPROPRIATE TO APPROACH FIRMS AGAIN UNLESS ADDITIONAL INFORMATION THAT MIGHT INFLUENCE THEIR DECISIONS BECOMES AVAILABLE. INGERSOLL

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